



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



MARCH 22, 1999

U.S. Grain Buyers Oppose Clinton Subsidized Grain Storage Proposal. At the Annual National Grain and Feed Association Conference on Saturday, U.S. grain buyers and delegates opposed a Clinton Administration proposal to subsidize on-farm grain storage. Delegates said subsidizing farmer storage would constitute a form of Government meddling that would harm grain elevator owners, potentially driving some out of business. In past weeks, Secretary of Agriculture, Dan Glickman, has suggested that the U.S. should help offset the costs of on-farm storage space to help farmers who are facing sinking prices due to a global grain glut and shrinking export. However, conference delegates said such a subsidy would put farmers in direct competition with elevator owners, who are also having problems. Some said that such a subsidy would encourage farmers to store their crops in buildings. All of the participants at the conference for county elevator operators suggested that USDA rethink its calculations of available storage space to include nonlicensed facilities. (*Reuters*, 3/20)

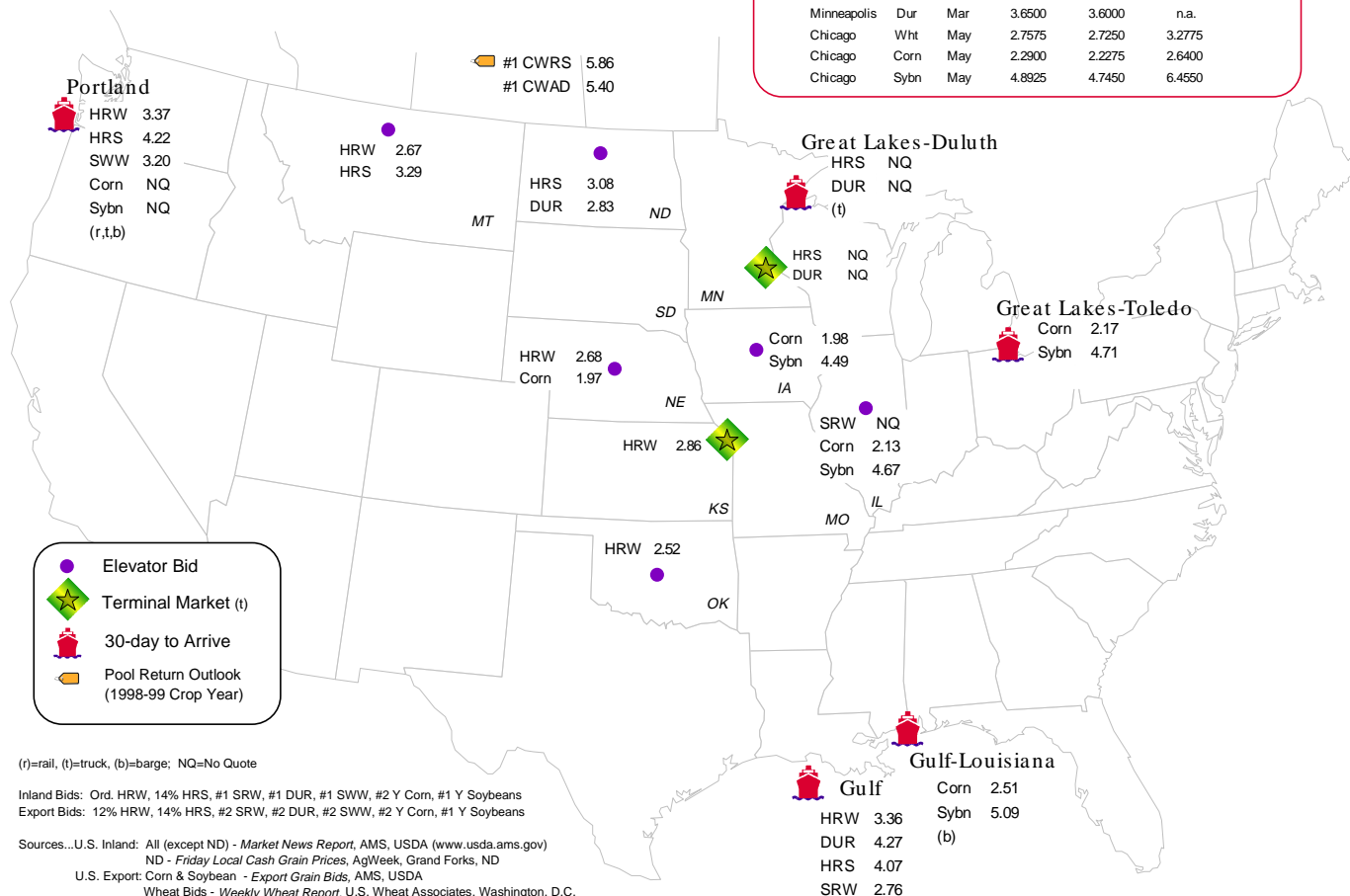
January 2000 May Cause Farmers Problems. Power outages, computer problems, and transportation issues caused by date-calculating software or embedded computer chips could keep fruit and other commodities from reaching store shelves in a timely fashion in January 2000. This Y2K problem, caused by the change to the year 2000, could affect nearly every aspect of daily life, from airline schedules to cellular phones. Its affect on the agriculture industry is dependent upon each grower or farmer. Those who prepare their equipment and are aware of potential problems can reduce its impact, say Y2K specialists. **Prevention is the key.** For the citrus industry, January is one of the peak sales times. Harvesting of navel oranges, lemons, grapefruit, and other citrus begins in November, with December and January being strong sales months. Most of the concern centers around automated packing sheds, but electrical outages could also cause problems in packinghouses, where nearly all equipment is automated. (*Knight Ridder/Tribune Business News*, 3/18)

Crop Revenue Insurance. North Dakota's U.S. attorney said Friday that a lawsuit filed by North Dakota farmers over new crop insurance for durum should be dismissed because the farmers have not exhausted other remedies. In documents filed in Federal court, John Schneider said Federal law requires the farmers to go through an administrative appeals process before any lawsuit can be heard over the insurance coverage. Crop revenue coverage is designed to protect farmers from poor prices as well as yield losses. But the farmers claim that after offering the program, the government and the company that developed it changed the coverage, fearing the old formula had created an unfair bonus for farmers who plant durum. The farmers maintain the government had no legal right to reduce the coverage. They are seeking to force the Federal Crop Insurance Corporation to honor the original insurance contracts. For Jamestown farmer Paul Wiley, the issue is a simple one: He signed a deal to get government-backed crop insurance, and he expects the government to live up to its end. (*AP*, 3/19 and 3/17)

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| Futures: | | | | Week Ago | Year Ago |
|-------------|------|-----|----------|----------|----------|
| | | | 03/19/99 | 03/12/99 | 03/20/98 |
| Kansas City | Wht | May | 3.0225 | 3.0225 | 3.4225 |
| Minneapolis | Wht | May | 3.5225 | 3.4700 | 3.7300 |
| Minneapolis | Dur | Mar | 3.6500 | 3.6000 | n.a. |
| Chicago | Wht | May | 2.7575 | 2.7250 | 3.2775 |
| Chicago | Corn | May | 2.2900 | 2.2275 | 2.6400 |
| Chicago | Sybn | May | 4.8925 | 4.7450 | 6.4550 |



The chart displays the average cost per car for three different trading strategies over a 36-month period. The y-axis represents the average cost in dollars per car, ranging from \$0 to \$300, with a negative scale for losses down to \$100. The x-axis shows the delivery month and year from September 1997 to September 1999. BNSF-SWAP is represented by green bars with a dotted pattern, CP-GEEP by solid red bars, and UP-POOL by white bars with a black outline. The data shows significant volatility, with BNSF-SWAP generally having the highest costs and CP-GEEP often showing losses, particularly in the early months of 1998.

| Delivery Month-Year | BNSF-SWAP (\$/Car) | CP-GEEP (\$/Car) | UP-POOL (\$/Car) |
|---------------------|--------------------|------------------|------------------|
| Sep-97 | 80 | 90 | 100 |
| Oct-97 | 170 | 150 | 200 |
| Nov-97 | 180 | 120 | 200 |
| Dec-97 | 120 | 80 | 220 |
| Jan-98 | 60 | 40 | 140 |
| Feb-98 | -10 | -10 | 70 |
| Mar-98 | -90 | -40 | 10 |
| Apr-98 | -140 | -20 | -10 |
| May-98 | -180 | -20 | -10 |
| Jun-98 | -90 | -20 | -10 |
| Jul-98 | -20 | -20 | 50 |
| Aug-98 | 50 | 50 | 100 |
| Sep-98 | 120 | 100 | 120 |
| Oct-98 | 160 | 120 | 190 |
| Nov-98 | 110 | 80 | 140 |
| Dec-98 | 30 | 20 | 60 |
| Jan-99 | -10 | 0 | 20 |
| Feb-99 | -20 | 0 | 10 |
| Mar-99 | -40 | 0 | 0 |
| Apr-99 | -50 | -10 | 0 |
| May-99 | -40 | -10 | 0 |
| Jun-99 | 20 | 0 | 20 |
| Jul-99 | 50 | 10 | 50 |
| Aug-99 | 70 | 20 | 70 |
| Sep-99 | 90 | 30 | 90 |

See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

| Rail Car 'Auction' Offerings | | | | |
|--|----------------|---------------|----------------|---------------|
| Delivery for: | Apr-99 | | May-99 | |
| | <u>Offered</u> | <u>% Sold</u> | <u>Offered</u> | <u>% Sold</u> |
| BNSF-COT | 5,764 | 13% | 5,400 | 6% |
| UP-GCAS | 5,400 | 2% | 5,400 | 3% |
| Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com | | | | |

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

| | Delivery Period | | | |
|---------|-----------------|--------|--------|--------|
| | Apr-99 | May-99 | Jun-99 | Jul-99 |
| BNSF-GF | \$0 | \$(57) | \$(31) | \$(5) |
| CP-GEEP | \$(9) | \$(11) | \$0 | \$9 |
| UP-Pool | \$0 | \$(5) | \$5 | \$34 |

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

| Delivery for: | Apr-99 | May-99 | Jun-99 |
|---------------|----------|----------|----------|
| COT/N. Grain | no offer | no offer | no offer |
| COT/S. Grain | no offer | no offer | no offer |
| GCAS/Region 2 | no bid | no bid | no bid |
| GCAS/Region 4 | no bid | no bid | no bid |

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal Values*

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

| Week ended | River/Region | Contract Period | Rate |
|------------|----------------|-----------------|------|
| 3/19/99 | St. Louis | twk | 180 |
| | | nwk | 125 |
| | Illinois River | twk | 165 |
| | Ohio River | twk | 115 |

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

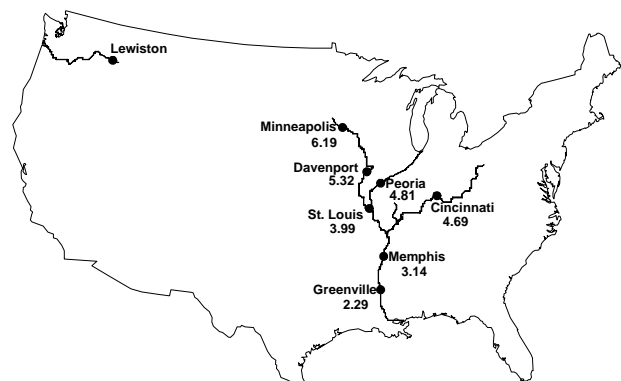
twk=this week
nwk=next week

Southbound Barge Freight Spot Rates

| | 3/17/99 | 3/10/99 | April '99 | June '99 |
|-----------------|---------|---------|-----------|----------|
| Twin Cities | nq | nq | 178 | 169 |
| Mid-Mississippi | 165 | 145 | 149 | 141 |
| Illinois River | 154 | 134 | 138 | 131 |
| St. Louis-Cairo | 120 | 111 | 110 | 108 |
| Lower Ohio | 120 | 117 | 116 | 114 |
| Cairo-Memphis | 113 | 108 | 106 | 105 |

Source: Transportation & Marketing /AMS/USDA
nq- no quote

Barge Benchmark Tariff Rates Est. 1976 - 'Tariff No. 7'

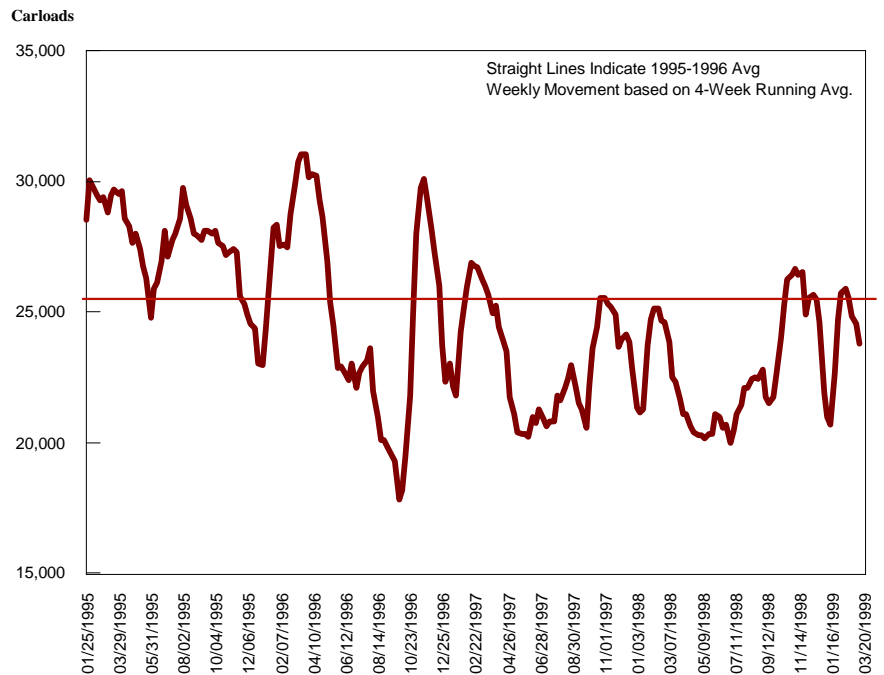


Grain Car Loadings for Class I Railroads

| Class I Railroad Grain Car Loadings | |
|---|-----------|
| Week Ending: | Carloads |
| 2/27/99 | 23,212 |
| 3/6/99 | 25,312 |
| 3/13/99 | 22,394 |
| Year to Date - 1999 | 246,029 |
| Year to Date - 1998** | 239,997 |
| Total 1998** | 1,183,860 |
| Total 1997* | 1,199,995 |
| Source: American Association of Railroads | |

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

| | | | <u>East</u> | | <u>West</u> | | | <u>Canada</u> | |
|---------------------|---------|---------|-------------|---------|-------------|--------|---------|---------------|---------|
| | Conrail | CSXT | IC | NS | BNSF | KCS | UP | CN | CP |
| 03/13/99 | 915 | 2,641 | 1,404 | 2,443 | 7,356 | 821 | 6,814 | 1,924 | 2,610 |
| This Week Last Year | 766 | 2,061 | 1,141 | 2,414 | 7,543 | 864 | 4,407 | 2,785 | 4,137 |
| 1999 YTD | 7,933 | 26,376 | 14,650 | 26,362 | 85,067 | 7,233 | 78,408 | 19,372 | 28,919 |
| 1998 YTD* | 8,054 | 25,195 | 12,789 | 26,308 | 92,437 | 7,365 | 67,849 | 28,042 | 42,559 |
| 1997 Total** | 29,834 | 118,581 | 80,255 | 124,834 | 428,243 | 34,690 | 378,888 | 171,428 | 272,156 |
| 1996 Total | 31,733 | 111,509 | 48,695 | 131,568 | 432,687 | 30,009 | 439,865 | 129,714 | 181,387 |

Source: American Association of Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

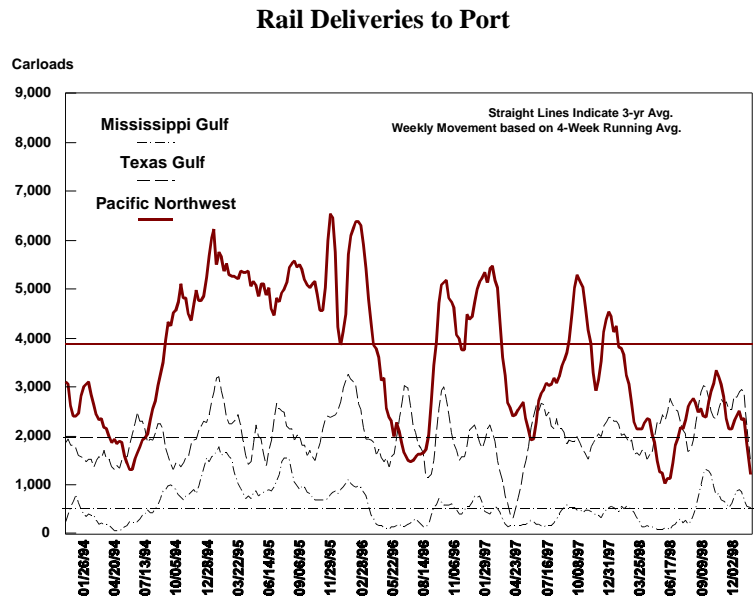
March 1999

| Date Effective | Tariff Item | Commodity | Origin | Destination | Rate Per Car | Rate Per MT | Rate/Per Bushel* |
|----------------|-------------|-----------|-----------------|--------------|--------------|-------------|------------------|
| 03/01/99 | 45560 | Wheat | Minneapolis, MN | Houston, TX | \$2,150 | \$19.51 | \$0.65 |
| 03/01/99 | 43521 | Wheat | Minneapolis, MN | Portland, OR | \$4,442 | \$40.31 | \$1.33 |
| 03/01/99 | 46540 | Wheat | Kansas City, MO | Houston, TX | \$1,850 | \$16.79 | \$0.56 |
| 03/01/99 | 43586 | Wheat | Kansas City, MO | Portland, OR | \$4,226 | \$38.35 | \$1.27 |
| 03/01/99 | 43581 | Wheat | Omaha, NE | Portland, OR | \$4,205 | \$38.16 | \$1.26 |
| 03/01/99 | 31040 | Corn | Minneapolis, MN | Portland, OR | \$2,865 | \$22.87 | \$0.80 |
| 03/01/99 | 31035 | Corn | Kansas City, MO | Portland, OR | \$3,100 | \$24.74 | \$0.87 |
| 03/01/99 | 31040 | Corn | Omaha, NE | Portland, OR | \$2,485 | \$19.83 | \$0.70 |
| 03/01/99 | 61180 | Soybean | Minneapolis, MN | Portland, OR | \$3,330 | \$30.22 | \$1.00 |
| 03/01/99 | 61180 | Soybean | Omaha, NE | Portland, OR | \$3,030 | \$27.50 | \$0.91 |
| 05/01/98 | 61180 | Soybean | Omaha, NE | Portland, OR | \$2,780 | \$25.23 | \$0.83 |

Source: www.bnsf.com

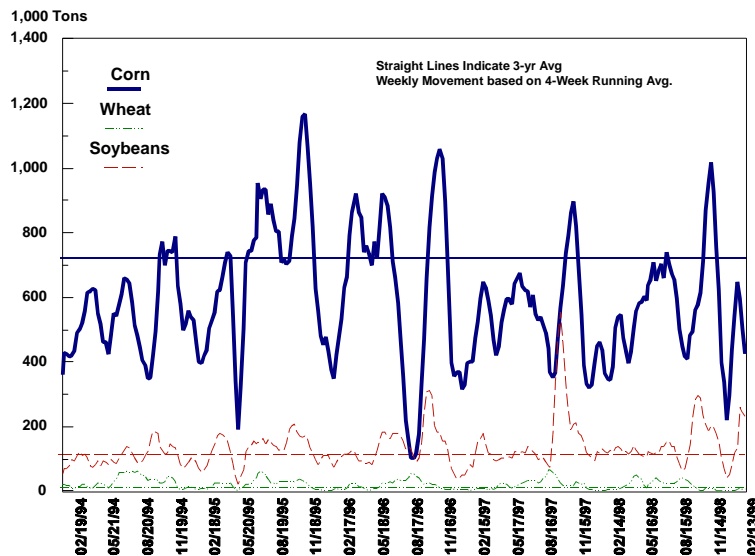
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

| Rail Deliveries to Port Carloads | | | | |
|---|---------------------|---------------|----------------------|-------------------------|
| | Mississippi Gulf | Texas Gulf | Pacific Northwest | Atlantic & East Gulf |
| Week Ending: | | | | |
| 02/03/99 | 776 | 2,631 | 2,117 | 421 |
| 02/10/99 | 898 | 2,914 | 2,536 | 291 |
| 02/17/99 | 673 | 3,238 | 2,220 | 375 |
| 02/24/99 | 462 | 2,642 | 2,586 | 580 |
| 03/03/99 | 179 | 0 | 0 | 0 |
| 03/10/99 | 831 | 15 | 0 | 0 |
| YTD 1999 | 6,920 | 22,758 | 18,665 | 3,320 |
| YTD 1998 | 4,495 | 22,086 | 40,039 | 3,568 |
| Total 1998 | 23,844 | 115,321 | 138,461 | 12,505 |
| Total 1997 | 20,152 | 93,265 | 195,953 | 9,147 |
| Source: Transportation & Marketing/AMS/USDA | | | | |



***Note:** Data prior to 12/30/98 has been revised. More recent data has been estimated. Complete and accurate revisions will appear in 3/22/99 report.

Barge Movements - Locks 27



Barge Grain Movements

for week ending 03/13/99

| | Corn | Wht | Sybn | Total |
|------------------------|------------|-------|-------|--------|
| | 1,000 Tons | | | |
| Mississippi River | | | | |
| Rock Island, IL (L15) | 88 | 0 | 19 | 106 |
| Winfield, MO (L25) | 68 | 0 | 28 | 97 |
| Alton, IL (L26) | 340 | 2 | 118 | 459 |
| Granite City, IL (L27) | 340 | 2 | 118 | 459 |
| Illinois River (L8) | 240 | 1 | 91 | 332 |
| Ohio (L52) | 47 | 5 | 29 | 163 |
| Arkansas (L1) | 0 | 30 | 9 | 38 |
| 1999 YTD | 4,268 | 203 | 1,637 | 7,075 |
| 1998 YTD | 4,260 | 241 | 1,195 | 6,860 |
| Total 1998 | 31,226 | 2,420 | 8,866 | 45,625 |
| Total 1997 | 29,685 | 2,689 | 9,584 | 45,315 |

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Miss/25 closed for rehabilitation (12/15/98-3/2/99).
Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

| | <i>HRW</i> | <i>SRW</i> | <i>HRS</i> | <u>Wheat</u> <i>SWW</i> | <i>DUR</i> | <i>All</i> | <u>Corn</u> | <u>Soybean</u> | <u>Total</u> |
|-------------------------------------|------------|------------|------------|----------------------------|------------|------------|-------------|----------------|--------------|
| <u>Unshipped Exports-Crop Year</u> | | | | | | | | | |
| 03/11/99 | 1,523 | 678 | 898 | 663 | 250 | 4,012 | 7,875 | 2,918 | 14,805 |
| This Week Year Ago | 1,345 | 216 | 1,031 | 586 | 175 | 3,353 | 7,029 | 2,321 | 12,703 |
| <u>Cumulative Exports-Crop Year</u> | | | | | | | | | |
| 98/99 YTD | 8,412 | 1,623 | 5,203 | 4,558 | 735 | 20,531 | 24,514 | 15,219 | 60,264 |
| 97/98 YTD | 7,872 | 4,462 | 4,887 | 4,569 | 1,036 | 22,827 | 19,970 | 17,713 | 60,510 |
| 97/98 Total | 9,858 | 4,710 | 6,305 | 5,413 | 1,232 | 27,518 | 37,220 | 24,516 | 89,254 |
| 96/97 Total | 7,387 | 3,645 | 7,864 | 6,105 | 963 | 25,965 | 44,476 | 24,501 | 94,942 |
| 95/96 Total | | | | | | | | | |

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

| | <u>Pacific Region</u> | | | <u>Mississippi Gulf</u> | | | <u>Texas Gulf</u> | | |
|----------------|-----------------------|-------------|----------------|-------------------------|-------------|----------------|-------------------|-------------|----------------|
| | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> |
| 03/18/99 | 206 | 116 | 0 | 83 | 741 | 339 | 53 | 49 | 0 |
| 1999 YTD | 2,259 | 1,593 | 61 | 1,104 | 7,402 | 4,133 | 1,539 | 149 | 565 |
| 1998 YTD * | 2,018 | 1,774 | 232 | 1,456 | 5,595 | 5,144 | 1,360 | 24 | 419 |
| % of Last Year | 21% | 36% | 9% | 22% | 24% | 28% | 21% | 26% | 41% |
| 1998 Total | 10,838 | 4,373 | 651 | 5,048 | 31,330 | 14,917 | 7,270 | 562 | 1,392 |

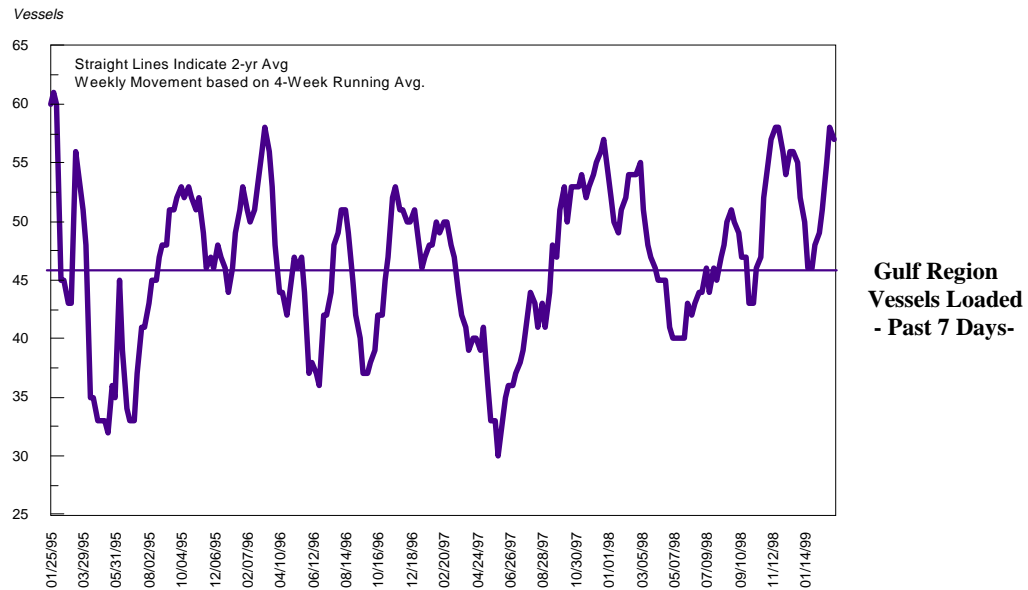
Source: Federal Grain Inspection Service * YTD-Year-to-Date ('98 = 53 week period)

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

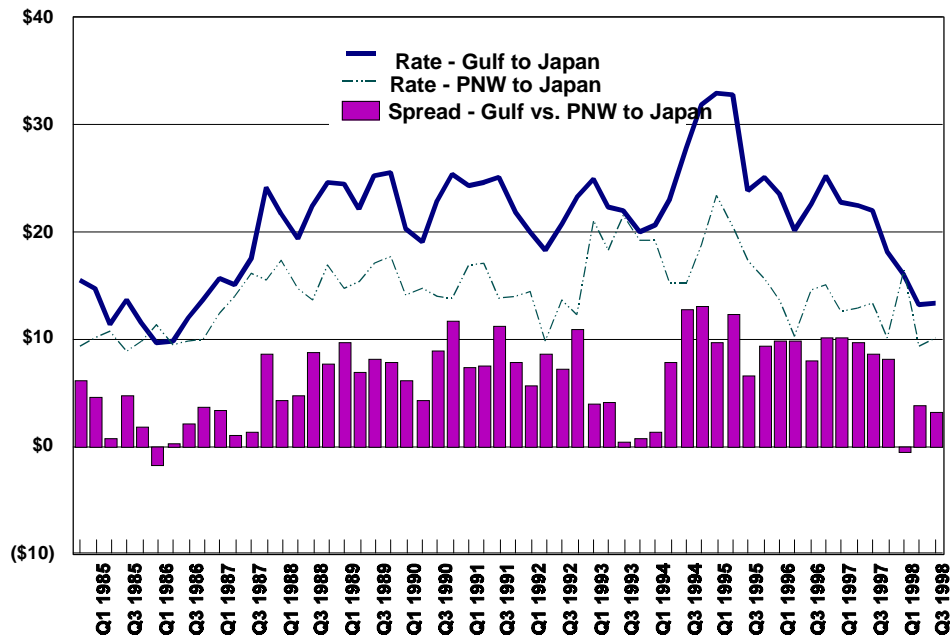
| | <u>Wheat</u> | <u>Durum</u> | <u>Barley</u> |
|----------------------|--------------|--------------|---------------|
| Week Ended: 03/18/99 | | | |
| Vancouver | 2,756 | 586 | 248 |
| Prince Rupert | 1,207 | 7 | 0 |
| Prairie Direct | 557 | 292 | 149 |
| Thunder Bay | 295 | 93 | 144 |
| St. Lawrence | 1,200 | 1,091 | 0 |
| 1999 YTD Exports | 6,320 | 2,078 | 540 |
| 1998 YTD Exports | 11,087 | 2,633 | 1,559 |
| % of Last Year | 57% | 79% | 35% |

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago **
YTD-Year-to-Date Crop Year 8/1-7/31



| Port Region Ocean Grain Vessels | | | | | | | | | |
|---|----------------|---------------|----------------|-------------------|---------------|----------------|-----------------|---------------|----------------|
| | Gulf | | | Pacific Northwest | | | Vancouver, B.C. | | |
| | | Loaded | Due Next | | Loaded | Due Next | | Loaded | Due Next |
| | <u>In Port</u> | <u>7-Days</u> | <u>10-Days</u> | <u>In Port</u> | <u>7-Days</u> | <u>10-Days</u> | <u>In Port</u> | <u>7-Days</u> | <u>10-Days</u> |
| 03/11/99 | 29 | 51 | 71 | 7 | | | 18 | 9 | 3 |
| 03/18/99 | 28 | 44 | 57 | 8 | | | 20 | 7 | 3 |
| 1998 Range | (19..62) | (34..64) | (40..93) | | | | | | |
| 1997 Range | (11..52) | (25..61) | (31..89) | | | | | | |
| 1998 Avg | 40 | 48 | 61 | | | | | | |
| 1997 Avg | 33 | 45 | 58 | | | | | | |
| 1996 Avg | 38 | 46 | 62 | | | | | | |
| Source: Transportation & Marketing /AMS/ USDA | | | | | | | | | |

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

| | 1998 4 th Qtr | 1997 4 th Qtr | % Change | | 1998 4 th Qtr | 1997 4 th Qtr | % Change |
|----------------|-----------------------------|-----------------------------|-------------|----------------------|-----------------------------|-----------------------------|-------------|
| Gulf to | | | | Pacific NW to | | | |
| Japan | \$13.33 | \$22.01 | -39% | Japan | \$10.17 | \$13.34 | -24% |
| Mexico | \$14.41 | \$13.97 | 3% | Red Sea/ Arabian Sea | | \$20.18 | |
| Venezuela | \$10.87 | \$13.59 | -20% | | | | |
| N. Europe | \$8.81 | \$11.34 | -22% | Argentina to | | | |
| N. Africa | \$15.26 | \$14.80 | 3% | N. Europe | \$12.56 | \$16.12 | -22% |
| | | | | Japan | | \$23.23 | |

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 03/20/99

| Export Region | Import Region | Grain | Month | Volume Loaded (Tons) | Freight Rate (\$/Ton) |
|------------------|---------------------|-------------|-----------------|-------------------------|--------------------------|
| Gulf | Egypt/Mediterranean | Heavy Grain | March | 50,000 | \$10.75 |
| Gulf | Indonesia | Heavy Grain | March | 35,000 | \$24.00 |
| Gulf | Taiwan | Heavy Grain | March | 54,000 | \$16.10 |
| Gulf | South Korea | Heavy Grain | March | 40,000 | \$20.50 |
| Gulf | Japan | Heavy Grain | April/March/May | 44,000-54,000 | \$15.90-20.50 |
| PNW | Japan | Heavy Grain | March/April | 54,000 | \$10.25 |
| River Plate | Lisbon/Hamburg | Grains | Prompt | 25,000 | \$21.60 |
| Dunkirk (France) | Spain/Mediterranean | Wheat | Prompt | 25,000 | \$9.00 |
| Mersin (Turkey) | Tunisia | Wheat | Prompt | 25,000 | \$9.00 |
| Turkey | Pakistan | Heavy Grain | Prompt | 50,000 | \$14.25 |

Source: Maritime Research Inc.